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C O N F I D E N T I A L SECTION 01 OF 03 NEW DELHI 000859

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SUBJECT: GOI REWARDS BHUTANESE KING AS GUEST OF HONOR AT
REPUBLIC DAY

REF: NEW DELHI 6920

Classified By: DCM Robert Blake, Jr. for Reasons 1.4 (B, D)

11. (C) Summary: The Government of India (GOI) rewarded Bhutanese King Jigme Singye Wangchuck for conducting military operations in December of 2003 against Indian militants hiding out in Southern Bhutan by making him the guest of honor at Republic Day. During the King's January 24-28 visit, the GOI privately pressed the Bhutanese to find a solution to the ongoing refugee problem with Nepal and announced a significant increase in the GOI's development assistance. King Wangchuck stated the Royal Government of Bhutan (RGOB) will release a draft constitution in March, highlighted the Kingdom's concerns about Maoist activities in Nepal, announced a plan to build a number of railway links between the two countries, reiterated the RGOB's commitment to the repatriation of Category 1 refugees, discussed Sino-Bhutanese relations and announced that he was trying to cut down smoking cigarettes. End Summary.

Militants in the North East

12. (C) King Wangchuck held the position as guest of honor during the January 26 Republic Day celebration, a reflection of the GOI's appreciation for Bhutan's successful military operations against Indian militants in December 2003. According to a number of pundits who follow Bhutan, this decision highlighted the importance of the fight against the insurgents in North-East India and demonstrated New Delhi's gratitude to the RGOB for carrying out the mission.

Category 1 Refugees

13. (C) MEA Joint Secretary Ranjit Rae (Nepal and Bhutan) told Polcouns and poloffs on February 2 that the King reiterated his commitment to the Dewey/Wangchuck framework for repatriation of Category 1 refugees (Reftel) during his visit, but stated that it depends on the security situation in Nepal. In one of his media interactions, the King reportedly stated a majority of the refugees in the camps are not Bhutanese citizens. However, in a February 2 meeting with Poloff, Bhutanese First Secretary Karma Rinchen commented that this was not a policy change. The RGOB has never considered a majority of the refugees to be citizens and he argued the people in Category 2 gave up citizenship when they left Bhutan. However, Rinchen noted that under the terms of the bilateral process, these people will have the option to reapply for citizenship.

14. (C) Rae commented that he thought the plan to repatriate Category 1's was "a pretty good initiative" and wondered why it had not succeeded. He said the GOI had pressed the King to accept the Category 1's and revive the bilateral process. Rae stressed the need to have the Nepalese and Bhutanese ambassadors meet on the issue in Delhi, arguing that not every aspect of the negotiations should go through formal letters between the two capitols. India has also made this point to Kathmandu. Rae inquired about numbers for possible third country resettlement in the U.S., emphasizing the point that other solutions could become clear if this information was available. Polcouns reiterated our standard line on this issue.

Power to the People

15. (U) During a January 30 meeting with journalists, King Wangchuck reiterated his commitment to devolving authority and creating a constitutional monarchy, announcing that the draft constitution would be released in March. He stated he plans to travel throughout Bhutan holding meetings to promote the new constitution before the document is put up for a referendum later in the year. King Wangchuck explained that Bhutan is coming to the end of a long transition, which began in 1991, from a monarchy to democracy and will implement a constitution with an amalgamation of ideas from a number of other countries. He commented that, when implemented, the constitution will clearly define the role of the monarchy. Foreshadowing the Trouble in Nepal

16. (U) Four days prior to King Gyanendra of Nepal's decision to dismiss the Deuba government and take over power, King Wangchuck expressed concern that the situation in Nepal was deteriorating day-by-day and that "as friends and neighbors, we do not want the situation (to get) out of control." The

Maoists hold sway in 69 districts, stated Wangchuck, but he hoped that "something good, something positive" would come out of the situation. However, he warned that the Maoists had almost total control over Nepal and the situation could become "much more serious than it is today," having negative implications for both India and Bhutan.

17. (C) Bhutanese First Secretary Karma Rinchen told poloff on February 2 that the RGOB did not intend to make any public statement concerning the change in government in Nepal, but that it was not considered "a good thing." He added that the RGOB is going to take a wait and see approach to the situation. He argued that if King Gyanendra shows that he can make progress in the fight against the Maoists and bring real security to Nepal "how can that not be seen as a positive development?" Rinchen added that the Deuba administration had not effectively dealt with the insurgency, but the removal of his government will be problematic if the situation continues to spiral out of control. Rinchen was very interested in how the change in regime would effect U.S. aid to the region, specifically in terms of military assistance. He reiterated RGOB concerns of a Maoist spill-over into Bhutan and links between the Maoists and the United Liberation front of Assam (ULFA), National Democratic Front of Bodoland (NDFB) and Kamtapur Liberation Organization (KLO). When questioned if the RGOB believes if these groups were currently operational in Bhutan, he said no, "but the threat is still there."

Increase in Aid

18. (U) In connection with the King's visit, India has agreed to increase development assistance to Bhutan from Rs. 430 crore (US \$100 million) to Rs. 710 crore (US \$165 million) during the current Five Year Plan (2002-2007). According to the Bhutanese National newspaper (Kuensel), Bhutan and India signed three memorandums of understanding (MoU) during the King's visit focusing on development. The MoU's concerned cooperation on agriculture, continuing the development of the hydropower industry, and a feasibility study for a network of railway lines from five locations in Bhutan to connection points in India. Currently, there are no rail links between the two countries.

China

19. (U) Numerous media outlets reported that the King's expression of optimism about resolving RGOB differences with China over disputed border areas. He was quoted as saying that out of the 450 km frontier, only a small portion is under question. He also de-linked Thimphu's decision not to have full diplomatic ties with China from the boundary dispute, stating that Bhutan does not have full diplomatic relations with any of the five permanent members of the UNSC. When questioned how this policy could change if India receives a seat on the council (which Bhutan supports), he commented, "This (policy) can't apply to India. It would be like divorcing your wife."

No Smoking in Shangri La

10. (U) In response to the recent ban on smoking in public places in Bhutan and the announcement of 100 percent sales and imports taxes on cigarettes, King Wangchuck announced that he, as a smoker, would try and cut back on the habit. When asked how many cigarettes he smokes a day, he quipped, "I don't want to tell you. With four wives, I better stop smoking."

Comment

11. (C) In wake of the decision by King Gyanendra of Nepal to dismiss the coalition government on February 1 and the Bhutanese government's often stated concerns for the security of their Joint Verification Teams, it is unlikely the repatriation of Category 1 refugees according to the Dewey/Wangchuck framework will occur in the near future. While the RGOB maintains they are committed to the Joint Verification Process, the combination of the implementation of the new constitution, the upheaval in Nepal and concerns over Maoist infiltration in the refugee camps will likely result in RGOB delaying the process. In the meantime, however, GOI support for the Dewey/Wangchuck framework, and New Delhi's willingness to weigh in on this topic with Thimphu is a hopeful signal of India's willingness to join forces with us in pursuit of a long term solution to the refugee problem. End Comment.)

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